

AMENDED IN ASSEMBLY JULY 2, 2015
AMENDED IN ASSEMBLY JUNE 23, 2015
AMENDED IN SENATE JUNE 2, 2015
AMENDED IN SENATE MAY 5, 2015
AMENDED IN SENATE APRIL 15, 2015
AMENDED IN SENATE MARCH 24, 2015

SENATE BILL

No. 9

**Introduced by Senator Beall
(Coauthor: Senator Allen)**

December 1, 2014

An act to amend Sections 75220, 75221, and 75222 of, and to add Sections 75223, 75224, and 75225 to, the Public Resources Code, relating to transportation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 9, as amended, Beall. Greenhouse Gas Reduction Fund: Transit and Intercity Rail Capital Program.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund.

Existing law establishes the Transit and Intercity Rail Capital Program, which receives 10% of the annual proceeds of the Greenhouse Gas Reduction Fund as a continuous appropriation, to fund capital improvements and operational investments to modernize California's

rail systems to achieve certain policy objectives, including reducing greenhouse gas emissions, expanding and improving rail services to increase ridership, and improving rail safety. Existing law requires the Transportation Agency to evaluate applications for funding under the program and to prepare a list of projects recommended for funding, with grants to be awarded by the California Transportation Commission.

This bill would modify the purpose of the program to delete references to operational investments and instead provide for the funding of transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to achieve certain policy objectives, including reducing emissions of greenhouse gases, expanding and improving transit services to increase ridership, and improving transit safety. By expanding the purposes for which continuously appropriated moneys may be used, the bill would make an appropriation. The bill would modify the information required to be included in applications for grants under the program and would authorize an eligible applicant to submit multiple applications. The bill would require the Transportation Agency, in selecting projects for funding, to consider the extent to which a project reduces greenhouse gas emissions, would add additional factors to be considered in evaluating applications for funding, and would expand certain factors considered to include bus and ferry transit service. The bill would require the Transportation Agency to develop, by July 1, 2016, a 5-year estimate of revenues reasonably expected to be available for the program, with subsequent estimates to be made every other year for additional 5-year periods, would require the agency to ~~adopt~~ *approve* 5-year programs of projects consistent with those estimates, and would require the California Transportation Commission to allocate funding to eligible applicants pursuant to the program of projects. The bill would authorize the Transportation Agency, in cooperation with the California Transportation Commission, to make a multiyear funding commitment for a project proposed to be funded over more than one fiscal year, and would authorize the California Transportation Commission to approve a letter of no prejudice that would allow an applicant to expend its own moneys on a project in the ~~adopted~~ *approved* program of projects, subject to future reimbursement from program moneys for eligible expenditures.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 75220 of the Public Resources Code is amended to read:

75220. (a) The Transit and Intercity Rail Capital Program is hereby created to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to achieve all of the following policy objectives:

- (1) Reduce emissions of greenhouse gases.
- (2) Expand and improve transit service to increase ridership.
- (3) Integrate the rail service of the state's various rail operators, including integration with the high-speed rail system.
- (4) Improve transit safety.

(b) The Transportation Agency shall evaluate applications consistent with the criteria set forth in this chapter and ~~adopt~~ *approve* a multiyear program of projects for funding pursuant to Section 75224, which may be revised at any time.

(c) The California Transportation Commission shall allocate funding to applicants pursuant to the program of projects ~~adopted~~ *approved* by the Transportation Agency.

SEC. 2. Section 75221 of the Public Resources Code is amended to read:

75221. (a) Projects eligible for funding under the program include, but are not limited to, all of the following:

- (1) Rail capital projects, including acquisition of rail cars and locomotives, that expand, enhance, and improve existing rail systems and connectivity to existing and future transit systems, including the high-speed rail system.
- (2) Intercity and commuter rail projects that increase service levels, improve reliability, and decrease travel times.
- (3) Rail integration implementation, including integrated ticketing and scheduling systems, shared-use corridors, related planning efforts, and other service integration initiatives.
- (4) Bus rapid transit and other bus and ferry transit investments to increase ridership and reduce greenhouse gas emissions.

(b) In order to be eligible for funding under the program, a project shall demonstrate that it will achieve a reduction in emissions of greenhouse gases. In selecting projects for funding,

1 the Transportation Agency shall consider the extent to which a
2 project reduces emissions of greenhouse gases.

3 (c) The program shall have a programmatic goal of providing
4 at least 25 percent of available funding to projects benefiting
5 disadvantaged communities, consistent with the objectives of
6 Chapter 830 of the Statutes of 2012.

7 (d) In evaluating grant applications for funding, the
8 Transportation Agency shall consider all of the following:

9 (1) The cobenefits of projects that support the implementation
10 of sustainable communities strategies through one or more of the
11 following:

12 (A) Reducing vehicles miles traveled from automobiles and the
13 number of automobile trips through growth in transit ridership.

14 (B) Promoting housing development in the vicinity of rail
15 stations.

16 (C) Expanding existing rail and public transit systems.

17 (D) Enhancing the connectivity, integration, and coordination
18 of the state's various regional and local transit systems.

19 (E) Providing a direct connection to the high-speed rail system.

20 (F) Implementing clean vehicle technology.

21 (G) Promoting active transportation.

22 (H) Improving public health.

23 (2) The project priorities developed through the collaboration
24 of two or more rail operators and any memoranda of understanding
25 between state agencies and local or regional rail operators.

26 (3) Geographic equity.

27 (4) Consistency with an adopted sustainable communities
28 strategy or, if a sustainable strategy is not required for a region by
29 law, a regional plan that includes policies and programs to reduce
30 emissions of greenhouse gases.

31 (5) The extent to which a project has supplemental funding
32 committed to it from other nonstate sources.

33 (6) The extent to which the project will increase transit ridership.

34 (e) Eligible applicants under the program shall be public
35 agencies, including joint powers agencies, that operate or have
36 planning responsibility for existing or planned regularly scheduled
37 intercity or commuter passenger rail service, urban rail transit
38 service, or bus or ferry transit service.

39 (f) A recipient of moneys under the program may combine
40 funding from the program with other state funding, including, but

1 not limited to, the State Transportation Improvement Program, the
2 Low Carbon Transit Operations Program, the State Air Resources
3 Board clean vehicle program, and state transportation bond funds.

4 SEC. 3. Section 75222 of the Public Resources Code is
5 amended to read:

6 75222. (a) Applications for grants under the program shall be
7 submitted to the Transportation Agency for evaluation in
8 accordance with procedures and program guidelines—~~adopted~~
9 *approved* by the agency. An eligible applicant may submit an
10 application to the agency to fund a project over multiple fiscal
11 years. The agency may make multiyear funding commitments for
12 projects that are proposed to be funded from the program over a
13 period of more than one fiscal year.

14 (b) The application shall define the project purpose, intended
15 scope, proposed cost, intended funding sources, and schedule for
16 project completion.

17 (c) The application shall specify the phases of work for which
18 an eligible applicant is seeking an allocation of moneys from the
19 program, as appropriate:

20 (1) Studies, environmental review, and permits.

21 (2) Preparation of project plans and specifications.

22 (3) Right-of-way acquisition.

23 (4) Construction or procurement.

24 (d) The application shall identify the sources and timing of all
25 moneys required to undertake and complete any phase of a project
26 for which an eligible applicant is seeking an allocation of moneys
27 from the program. The application shall also describe intended
28 sources and timing of funding to complete any subsequent phases
29 of the project, through construction or procurement.

30 (e) The application shall include information describing the
31 funding sources and approach to ensuring ongoing operating and
32 maintenance costs of the project are funded through the useful life
33 of the project, as applicable.

34 (f) Eligible applicants may submit more than one application
35 for grants under the program pursuant to this section.

36 SEC. 4. Section 75223 is added to the Public Resources Code,
37 to read:

38 75223. (a) The Transportation Agency shall conduct at least
39 two public workshops on draft program guidelines containing
40 selection criteria prior to ~~adoption~~ *approval* and shall post the draft

1 guidelines on the agency's Internet Web site at least 30 days prior
2 to the first public workshop. Concurrent with the posting, the
3 agency shall transmit the draft guidelines to the fiscal committees
4 and the appropriate policy committees of the Legislature.

5 (b) The Administrative Procedure Act (Chapter 3.5
6 (commencing with Section 11340) of Part 1 of Division 3 of Title
7 2 of the Government Code) does not apply to the development and
8 ~~adoption~~ *approval* of procedures and program guidelines for the
9 program pursuant to this section.

10 SEC. 5. Section 75224 is added to the Public Resources Code,
11 to read:

12 75224. (a) No later than July 1, 2016, the Transportation
13 Agency shall develop a five-year estimate of revenues, in annual
14 increments, reasonably expected to be available to the program
15 from the Greenhouse Gas Reduction Fund, and ~~adopt~~ *approve* a
16 program of projects, which shall cover a period of five fiscal years,
17 beginning with fiscal year 2016–17.

18 (b) The Transportation Agency shall ~~adopt~~ *approve* each
19 subsequent program of projects not later than April 1 of each
20 even-numbered year based on a five-year estimate of revenues, in
21 annual increments. Each subsequent program shall cover a period
22 of five fiscal years, beginning July 1 of the year of ~~adoption~~;
23 *approval*, and shall be a statement of intent by the Transportation
24 Agency for the allocation and expenditure of moneys during those
25 five fiscal years.

26 (c) In cooperation with the commission, the Transportation
27 Agency may enter into and execute a multiyear funding agreement
28 with an eligible applicant for a project that is proposed to be funded
29 from the program over a period of more than one fiscal year. The
30 agreement shall include a proposed schedule of the amount of
31 moneys expected to be provided to the eligible applicant for each
32 fiscal year of the agreement and may be for a period that extends
33 beyond the five fiscal years covered by the program of projects.

34 SEC. 6. Section 75225 is added to the Public Resources Code,
35 to read:

36 75225. (a) A lead applicant agency may apply to the
37 commission for a letter of no prejudice for a project or for any
38 component of a project included in the five-year program of
39 projects ~~adopted~~ *approved* by the Transportation Agency. If
40 approved by the commission, the letter of no prejudice shall allow

1 the lead applicant agency to expend its own moneys for the project
2 or any component of the project and to be eligible for future
3 reimbursement from moneys available for the program from the
4 Greenhouse Gas Reduction Fund.

5 (b) The amount expended under subdivision (a) shall be
6 reimbursed by the state from moneys available for the program
7 from the Greenhouse Gas Reduction Fund if all of the following
8 conditions are met:

9 (1) The project or project component for which the letter of no
10 prejudice was requested has commenced, and the regional or local
11 expenditures have been incurred.

12 (2) The expenditures made by the lead applicant agency are
13 eligible for reimbursement in accordance with applicable laws and
14 procedures. If expenditures made by the lead applicant agency are
15 determined to be ineligible, the state has no obligation to reimburse
16 those expenditures.

17 (3) The lead applicant agency complies with all legal
18 requirements for the project, including the requirements of the
19 California Environmental Quality Act (Division 13 (commencing
20 with Section 21000)).

21 (4) There are moneys in the Greenhouse Gas Reduction Fund
22 designated for the program that are sufficient to make the
23 reimbursement payment.

24 (c) The lead applicant agency and the commission shall enter
25 into an agreement governing reimbursement as described in this
26 section. The timing and final amount of reimbursement is
27 dependent on the terms of the agreement and the availability of
28 moneys in the Greenhouse Gas Reduction Fund for the program.

29 (d) The commission, in consultation with intercity, commuter,
30 urban rail, and other public transit entities, may develop guidelines
31 to implement this section.